FW

Financial World®

International Issue

OCTOBER 13, 1992 • $3.95

Hurricane Andrew's Corporate Heroes
page 22

America's Invisible Strength: Service Exports
page 56

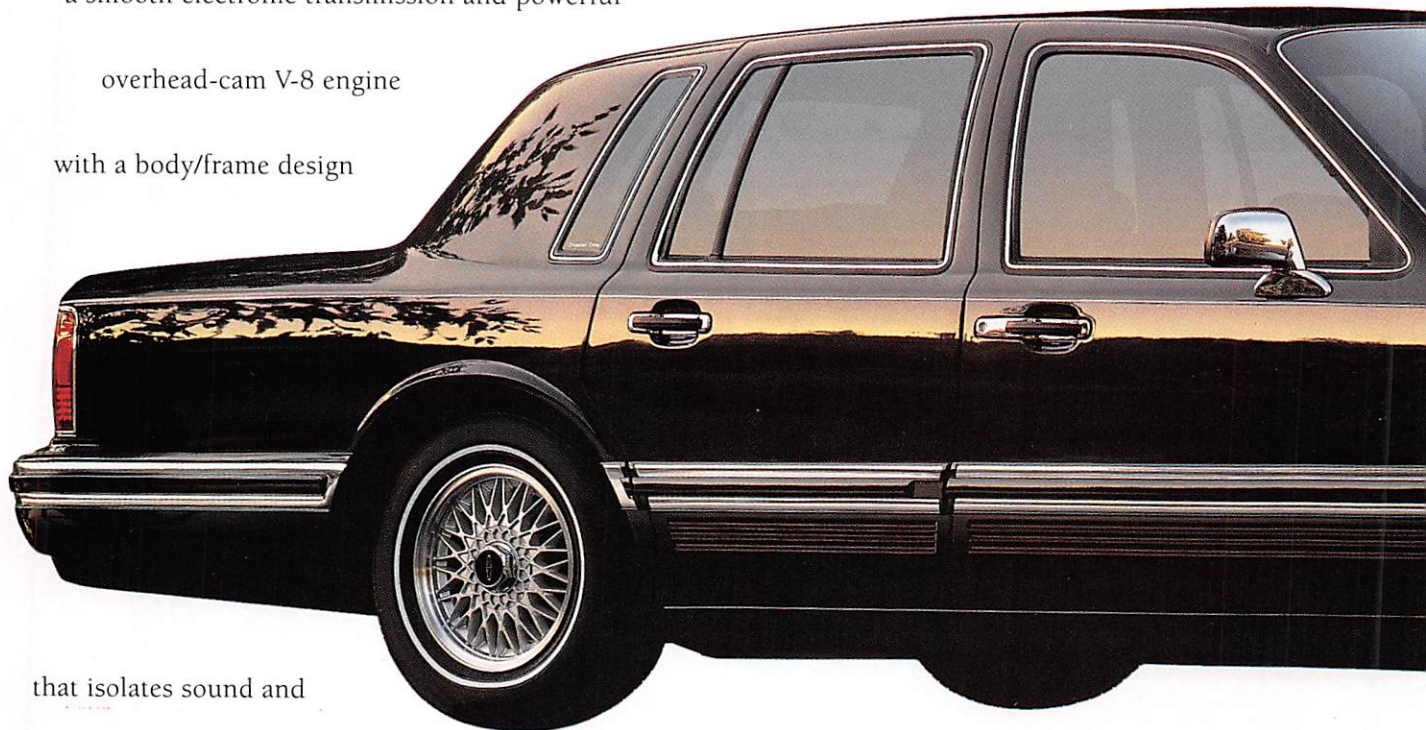
Tax Pitfalls of Working Overseas
page 78

CEO of the Year

Asia

Masanari Iketani President of Tokyo Steel

T H E   F E R R A R I

Lincoln Town Car came in first. ■ It wasn't a contest of speed. Or of cornering. It was a contest of desirability. In a USA TODAY Dream Car reader poll,* Americans named Lincoln Town Car the automobile they would most like to own, if money were no object. They recognized Town Car as nothing less than what it is: an exceedingly spacious, uncompromisingly comfortable and extraordinarily smooth-riding automobile. ■ To achieve world-class desirability, Lincoln engineers combined a smooth electronic transmission and powerful overhead-cam V-8 engine with a body/frame design that isolates sound and reduces vibration. The result: Town Car not only *is* a dream machine...it also *drives* like one. ■ To this, Lincoln engineers added standard driver and right-front passenger air bags,** standard four-wheel disc anti-lock brakes and optional traction assist. ■ For more information, visit a Lincoln dealer or call 1 800 446-8888. Driving a Lincoln Town Car may seem like a dream. But owning one can be a reality.

*Based on a February 1991 USA TODAY reader poll. **Supplemental Restraint System. Always wear your safety belt.

LINCOLN-MERCURY DIVISION Ford Buckle up—together we can save lives.

OCTOBER 13, 1992 • VOLUME 161, NO. 20

Dade County Diary

How Miami's corporations are helping the community recover from Andrew.

by Nancy Hass

WITHIN 24 HOURS OF HURRICANE ANDREW'S terrifying devastation, every one of Ryder Systems' 2,000 employees had swung into action. Although 100 of them had seen their homes in southern Dade County pounded into knee-high rubble, and they had to maneuver around hundreds of downed trees and telephone poles to get to work, the employees of the $5 billion-in-sales truck rental company quickly transformed their corporate headquarters into a mission control center.

The company they saw as a monolith that cut them their paychecks every Friday and sent turkeys at Christmas had turned its reception area into a makeshift dispatch office, offering vehicles free of charge to social service organizations and employees. At another desk, volunteers signed up for work crews to help assess the damage. Across the lobby, food and clothing donations were sorted.

In the days and weeks after Andrew, amid reports of the botched federal rescue, the effort grew even more intense and the lobby busier. Staffers from the finance department helped employees fill out forms for the instant $10,000 interest-free, six-month loans Ryder is offering those who need to rebuild. Two weeks after Andrew, suits and ties are still nowhere in sight. Lawyers and secretaries, both in T-shirts, hop on trucks en route to a re-roofing job.

Since Aug. 24, the rental truck business has been the last thought on many Ryder employees' minds. But Chairman Anthony Burns says he isn't worried. Spry, folksy and a devout Mormon, he says that while Andrew has devastated many people on a personal level, it may, ironically, provide his company with a unique bonding opportunity. "In this age, it is hard to prove to your employees and the community that you care," he says. "This is a way to bind ourselves to them."

It has also taught his top executives a thing or two about thinking long term, he says. "In one brief, horrible moment, it has helped them see that they are inextricably bound to their community and to each other. That's not a lesson you can convey in a meeting. You have to get the guy out there rebuilding someone's roof to have them make the connection."

For Burns, 49, the connection is an easy one. He's head of Dade County's United Way and a leader in his church, and a disaster like Andrew enables him to preach and practice the gospel of involvement without seeming heavy-handed.

Careful not to slam the Federal Emergency Management Agency, he says the efforts of Miami's corporate community has been crucial. But it has been an exhausting job, considering how few major headquarters are left in the city of two million. Since Eastern and Pan Am folded, only Ryder, Knight-Ridder, Burger King and Carnival Cruise Lines remain.

Andrew's timing was particularly bad. Miami is barely on

While you were trying to get into law school,
I was trying to get out of Afghanistan.
You took the bar. I tended it.
You joined a very prestigious law firm.
I joined the Peace Corps.
For my birthday, you gave me a Waterman pen.
How often I forget how alike we really are.

Pens write. A Waterman expresses. For more than a century, this distinction has remained constant. In the precise, painstaking tooling. In the meticulous balancing. In the elegant styling accented with precious metals. For example, the Rhapsody Red Ripple, pictured above, recaptures all the romance of its 1920's original.

Bentley's Luggage

Barney's America

the rebound from a decade of bad publicity over corruption, crime and drug trafficking. "This is a very ethnically diverse, entrepreneurial culture," says Burns. "There aren't a lot of big institutions out there to make people feel safe."

Burger King had its own problems this time. Andrew wiped out its new headquarters and left many of its employees homeless.

So Ryder and Knight-Ridder, publisher of the *Miami Herald*, found themselves virtually the only corporate ports in the storm. With telephone service knocked out in many areas and private relief agencies overburdened, executives at both corporations say they sensed acutely their responsibility to a city in crisis.

Ryder Chairman Burns
"Better to err on the side of compassion."

Knight-Ridder Chairman James Batten, 56, was on vacation in Georgia the week preceding the storm. He drove back the night before it hit, and for the next four days he slept on sofa cushions on the floor of his office. "The first thing you do in a situation is find your people," he says. "And after you thank God they're alive, you start to think about rebuilding."

As the publisher of Florida's leading newspaper, Knight-Ridder was forced to hold down two fronts: It had to produce one of the only sources of information many people could find. (The other prime source was the radio broadcast of TV weatherman Bryan Norcross.) It also led the private-sector rebuilding effort.

The day after the storm, Knight-Ridder set up an emergency management center in the lobby of the Miami Herald Building. It sent dozens of trucks to Publix supermarkets in areas north of the damage to pick up loads of bottled water, Pepto-Bismol, insect repellent and batteries. Batten persuaded a consortium of six local banks to make bridge construction loans to employees at 6%. Yet he says the federal government must provide the bedrock of emergency management. "I don't see our responsibility as primarily relief," says Batten, in a sonorous Southern drawl. "But I do see the private sector as having a very important part in the longer-term effort."

Both Batten and Burns are on the "We Will Rebuild" committee set up by President Bush. Former Knight-Ridder Chairman Alvah Chapman, 71, was coaxed out of retirement to head the effort, which is expected to take three years and cost $20 billion.

But Burns believes involving Ryder in the short-term relief effort has had value as well. With his company struggling to recover after a grueling reorganization a year ago, he believes such an experience can pull it over the hump. Cost cutting did not come without bruised morale, he says, and the hurricane has given him a chance to show that Ryder will stand behind its workers and Miami. "The feeling has never been more unified here," he says.

Burns hasn't yet figured out the final cost of his largess, including the 30 school buses he has given away to particularly devastated districts like Homestead for use as volunteer transport. Insignificant to Ryder's bottom line, he insists, even though several hundred trucks were tied up during the prime moving season and virtually no administrative work was done. "I believe it is better to err on the side of compassion. Whenever I make a decision about this, I think to myself, what would it be like if I had lost my home and didn't have the means to replace it."

In fact, Burns' house was severely damaged in the storm. A wall of sliding glass doors in the back blew out and destroyed the contents of the house. In the evenings, he and his wife, Joyce, discuss how to repair the damage. During the day, between meetings of "We Will Rebuild," he works with the volunteer crews, scrambling up roofs with a hammer in hand.

The personal effects of involvement cannot be quantified, Burns says. Take, for instance, the call he got two days after the storm from a "hysterical young guy" in Merced, Cal., who couldn't get in touch with his 87-year-old grandmother. "She lived right in the path of the storm and he'd been calling the police and the federal government for days, getting no answer," he says.

At his wit's end, he remembered Ryder had its offices in south Florida, so he called the switchboard and asked to speak to the chairman. Burns's secretary put the call through. "After I talked to him, I hopped in the car and hightailed it down to where his grandma lived. It was a real shambles. At first she wouldn't open the door, she didn't believe the chairman of Ryder was knocking on the door. When she finally opened it, she had been stuck there for 48 hours. No one had tried to find her. You can't put a price tag on the look on her face." ■

PHOTOGRAPH BY MARICE COHN BAND/*THE MIAMI HERALD*

The Survivor

After 10 years and many mistakes, Inland Steel is positioned for a comeback.

by Kathleen Morris

ARE ONE QUARTER IN THE black and a new CEO enough to make Inland Steel Industries a buy? After the $3.4 billion-in-sales company lost $296 million over the preceding seven quarters?

Yes, say analysts Peter Marcus of PaineWebber and Robert Hageman of Kidder, Peabody. And, strange to tell, they may be right. Nucor or no Nucor.

It has been roughly a decade since Inland's recently retired CEO, Frank W. Luerssen, first saw the writing on the wall. As the company proceeded to lose $455 million from 1982 to 1986, he realized Inland had to head for the high ground to survive. Trouble was, he had been outflanked. Inland, long the technological leader among U.S. integrated steel companies, was no match for the Japanese in producing high-end sheet steel for the auto, appliance and office furniture markets. So Luerssen went to Japan and formed a $1 billion joint venture (the biggest between a U.S. and Japanese company, and the first in the U.S. steel industry) with $23 billion-in-sales Nippon Steel. They agreed to build the world's highest-tech finishing plants, I/N Tec and I/N Kote, in an Indiana cornfield.

Luerssen also figured Inland had a competitive advantage in steel distribution, which, in theory, is contracyclical to steel production. That's because in a recession it can throw off cash from working capital by not buying steel. So he bought J.M. Tull Metals and several smaller independent distributors, increasing Inland's dominance as the world's largest distributor. Today Inland's Ryerson and Tull subsidiaries are the third-largest domestic purchasers of steel.

But that was before the nonunionized minimills, led by Nucor, entered the sheet steel market, and several more reconstituted mills, former plants of the major integrated producers, came back as independents with favorable union contracts. In 1991, steel prices hit their lowest levels in 30 years. Inland, which historically had the best balance sheet in the industry, ended 1991 with $187 million